



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE
A. G. Kawamura, Secretary

April 25 2008

TO ALL INTERESTED PARTIES:

Enclosed is a Notice of a Public Hearing to consider proposed amendments to the Pooling Plan for Market Milk. The Department is calling this hearing to make technical amendments to the Pooling Plan in preparation for implementation of the new Dairy Accounting System (DAS) used to administer the Pooling Program.

The three proposed changes to the Pooling Plan to be considered at the hearing are:

1. To add a definition in Article 1, Section 134 of the Pooling Plan for the new "Dairy Accounting System".
2. To add a new Subsection 802.5 to the Pooling Plan to begin using actual solids-not-fat content in milk received and utilized by milk processors rather than using an estimate for solids-not-fat contained in the skim milk reported to the Department. Since July 2006, milk processors have been reporting actual solids-not-fat on their Monthly Handler Reports. This more accurate reporting of milk composition will result in more accurate valuation of milk produced and utilized within the state.

In the past, milk processors did not have the technology available to economically test for solids-not-fat content in milk. The Pooling Plan required that milk processors report the fat content and the skim milk content of the milk received and processed each month. Now, almost all milk handlers test incoming milk for fat and solids-not-fat composition and are able to report this data to the Department.

3. To add new Subsections 921.5, 922.5 and 923.5 to provide for use of a new distance measuring application. The Pooling Plan currently requires the Department to use the "Optional All Points to All Points Table" published by the Public Utilities Commission (PUC) for calculation of the distance from dairy farms to plants of first receipt. This data is used for the transportation allowance adjustments made for ranch to plant shipments of milk.

The PUC Table has not been updated in many years and does not reflect the many new roads and highways that have been constructed in California. The Milk Pooling Branch has looked at three commercial trucking distance measuring applications as an alternative to the PUC Table. The Branch has determined that PC Miler® is best suited to be integrated into the new accounting system.



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PC Miler® is used within the dairy industry and is updated annually to reflect the changes to the state's ground transportation infrastructure. The program uses the Global Positioning System (GPS) to more accurately measure distances between farms and the plants to which milk is shipped. The Department proposes no change to the mileage brackets or rates in Section 921.2 of the Pooling Plan.

In addition to the Notice of Public Hearing, we have also enclosed the five new sections and subsections of the Pooling Plan along with a comparison of distance between sample points calculated using the existing PUC Tables and using PC Miler®. If adopted, the new provisions will become effective upon implementation of the new Dairy Accounting System.

Should you have any questions please contact Donald Shippelhoute or me at (916) 341-5901 or by email at dshippelhoute@cdfa.ca.gov or jlee@cdfa.ca.gov.

Sincerely,

Original sign by : John Lee

John Lee, Chief
Milk Pooling Branch

Enclosures

JL:rm